ZHONGXIN FRUIT AND JUICE LIMITED
(Incorporated in Singapore)
(Co. Reg. No. 200208395H)

UNAUDITED HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2014

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

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PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a). A statement of comprehensive income for the Group together with a comparative Statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income for the six months period ended 31 December 2014. These figures have not been audited.

	Group		
	Unaudited HY 31 Dec 14 RMB'000	Unaudited HY 31 Dec 13 RMB'000	Increase / (Decrease) %
Revenue	66,370	83,830	(21%)
Cost of sales	(47,546)	(67,815)	(30%)
Gross profit	**18,824**	**16,015**	18%
Other income:			
Other operating income	17	163	(90%)
Expenses:			
Distribution expenses	(8,568)	(4,211)	103%
Administrative expenses	(3,613)	(3,581)	1%
Other expenses	(262)	-	NM
Finance costs	(3,875)	(4,632)	(16%)
Share of loss from associate	(1,147)	(2,172)	(47%)
Profit before income tax	**1,376**	**1,582**	(13%)
Income tax expense	-	-	
Profit for the financial period	**1,376**	**1,582**	(13%)
Other comprehensive income for the financial period, net of tax	-	-	
Total comprehensive income for the financial period attributable to owners of the parent	**1,376**	**1,582**	(13%)

NM : Not meaningful

Operating profit is arrived at after charging / (crediting) the following:

	Group	
	Unaudited HY 31 Dec 14 RMB'000	Unaudited HY 31 Dec 13 RMB'000
Charges		
Amortisation of land use rights and intangible assets	97	97
Depreciation of property, plant and equipment	336	33
Foreign exchange loss	344	7
Impairment of property, plant and equipment	227	-
Inventories written down	35	-
Interest expense	3,875	4,632
Credits		
Income from restructuring of debts	-	158
Interest income	27	26

1(b)(i). A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	As at		As at	
	31 Dec 14 RMB'000	30 June 14 RMB'000	31 Dec 14 RMB'000	30 June 14 RMB'000
ASSETS				
Non-Current Assets				
Investment in associate	504	1,651	-	-
Investment in subsidiaries	-	-	48,223	48,223
Property, plant and equipment	71,228	74,282	-	-
Land use rights and intangible assets	8,175	8,273	-	-
	79,907	84,206	48,223	48,223
Current Assets				
Cash and bank balances	4,228	3,925	3,796	3,058
Other receivables	4,560	2,609	-	-
Receivable from subsidiaries	-	-	74,416	77,031
Receivable from related parties	-	3,747	-	-
Prepayments	309	445	-	-
Inventories	108,563	66,388	-	-
	117,660	77,114	78,212	80,089
Total Assets	**197,567**	**161,320**	**126,435**	**128,312**
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	252,093	252,093	252,093	252,093
Contributed surplus	22,000	22,000	-	-
Statutory and other reserves	955	791	-	-
Accumulated losses	(208,277)	(209,489)	(125,704)	(125,213)
Equity attributable to owners of the Company	**66,771**	**65,395**	**126,389**	**126,880**
Current Liabilities				
Trade and other payables	11,259	16,871	46	1,432
Payable to related parties	-	896	-	-
Payable to immediate holding company	119,537	48,158	-	-
Borrowings	-	30,000	-	-
	130,796	95,925	46	1,432
Total Liabilities	**130,796**	**95,925**	**46**	**1,432**
Total Equity and Liabilities	**197,567**	**161,320**	**126,435**	**128,312**

1(b)(ii). Aggregate amount of group's borrowings and debt securities.

	Group		Group	
	Unaudited		Audited	
	As at 31 Dec 14		As at 30 June 14	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Repayable in one year or less, or on demand				
- Entrusted loan	-	-	-	30,000
Repayable after one year				
- Borrowings	-	-	-	-
Total	-	-	-	30,000

Details of any collateral

The entrusted loan outstanding as at 30 June 2014 had matured and fully repaid on 14 October 2014. The entrusted loan as at 30 June 2014 was unsecured and granted by SDIC Zhonglu Fruit Juice Co., Limited ("SDIC Zhonglu") to a subsidiary of the Company, Xuzhou Zhongxin Fruit and Juice Company Limited ("Xuzhou Zhongxin"), through a related party.

There were no borrowings as at 31 December 2014.

1(c). A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Unaudited HY 31 Dec 14 RMB'000	**Unaudited HY 31 Dec 13 RMB'000**
Cash flows for operating activities		
Profit before income tax	1,376	1,582
Adjustments for :		
Amortisation of land use rights and intangible assets	97	97
Depreciation of property, plant and equipment	336	33
Impairment of property, plant and equipment	227	-
Inventories written down	35	
Interest expense	3,875	4,632
Interest income	(27)	(26)
Share of loss from associate	1,147	2,172
Operating cash flows before working capital changes	7,066	8,490
Inventories	(36,927)	(83,964)
Other receivables	(1,951)	(110,835)
Receivable from related parties	3,747	2,871
Prepayments	136	356
Trade and other payables	(5,612)	(10,773)
Net cash used in operating activities	**(33,541)**	**(193,855)**
Cash flows for investing activities		
Interest received	27	26
Purchase of property, plant and equipment	(2,791)	(3,166)
Net cash used in investing activities	**(2,764)**	**(3,140)**
Cash flows from financing activities		
Advances from immediate holding company	71,379	104,502
Net repayment/advances to related parties	(896)	(334)
Proceeds from borrowings	-	125,775
Repayment of borrowings	(30,000)	(30,000)
Interest paid	(3,875)	(4,632)
Net cash generated from financing activities	**36,608**	**195,311**
Net change in cash and cash equivalents	303	(1,684)
Cash and cash equivalents at beginning of financial period	3,925	2,932
Cash and cash equivalents at end of financial period	**4,228**	**1,248**

1(d)(i). A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity	Equity attributable to owners of the Company				
	Share Capital RMB'000	Contributed Surplus RMB'000	Statutory and Other Reserves RMB'000	Accumulated Losses RMB'000	Total RMB'000
Group					
Current Year:					
Balance as 1 July 2014	252,093	22,000	791	(209,489)	65,395
Total comprehensive income for the financial period	-	-	-	1,376	1,376
Transfer to statutory and other reserves	-	-	164	(164)	-
Balance as at 31 December 2014	252,093	22,000	955	(208,277)	66,771
Previous Year:					
Balance as 1 July 2013	252,093	22,000	791	(220,329)	54,555
Total comprehensive income for the financial period	-	-	-	1,582	1,582
Balance as at 31 December 2013	252,093	22,000	791	(218,747)	56,137
Company					
Current Year:					
Balance as 1 July 2014	252,093	-	-	(125,213)	126,880
Total comprehensive income for the financial period				(491)	(491)
Balance as at 31 December 2014	252,093	-	-	(125,704)	126,389
Previous Year:					
Balance as 1 July 2013	252,093	-	-	(127,090)	125,003
Total comprehensive income for the financial period				21	21
Balance as at 31 December 2013	252,093	-	-	(127,069)	125,024

1(d)(ii). Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company' issued share capital from 30 June 2014 to 31 December 2014. As at 31 December 2014 and 2013, there were no outstanding convertibles or treasury shares in the Company.

1(d)(iii). To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares	Unaudited As at 31 Dec 14	Audited As at 30 June 14
Total number of issued shares	1,055,459,201	1,055,459,201
Less : Treasury shares	-	-
Total number of issued shares (excluding treasury shares)	1,055,459,201	1,055,459,201

1(d)(iv). A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares as at 31 December 2014. There were no sales, transfer, disposal, cancellation and/or use of treasury shares in the financial period ended 31 December 2014.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted all the Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for the current financial year. The adoption of new/revised FRS and INT FRS does not have any material impact on the financial statements.

Save for the abovementioned, the Group has adopted the same accounting policies and methods of computation which are consistent with those used in the most recent audited financial statements for the financial year ended 30 June 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Save for the abovementioned, there was no other change in the accounting policies and methods of computation for the financial period ended 31 December 2014.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary shares of the Group for the period based on profit after income tax :	Unaudited HY 31 Dec 14	Unaudited HY 31 Dec 13
(a) Based on the weighted average number of ordinary shares in issue (basic) (RMB cents)	0.13	0.15
(b) On a fully diluted basis (RMB cents)	0.13	0.15
Number of ordinary shares in issue	1,055,459,201	1,055,459,201

The basic and fully diluted earnings per share were the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2014 and 31 December 2013.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Unaudited As at 31 Dec 14	Audited As at 30 June 14
Group		
Net assets value per ordinary share based on total number of issued shares excluding treasury shares (RMB cents)	6.33	6.20
Company		
Net assets value per ordinary share based on total number of issued shares excluding treasury shares (RMB cents)	11.97	12.02

The net asset value per ordinary share for the Group and Company is calculated based on the issued share capital of 1,055,459,201 as at 31 December 2014 and 30 June 2014.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Consolidated Statement of Comprehensive Income

During the half year financial period ended 31 December 2014 ("HY2015") and 31 December 2013 ("HY2014"), the Group had recorded the following:

	Group	
	HY2015	HY2014
Procurement:		
- Apples (Metric tonnes "MT")	47,524	104,232
- Semi processed apple juice (MT)	4,629	9,983
- Pears (MT)	30,411	-
Production:		
- Apple juice (MT)	11,989	25,820
- Pear juice (MT)	3,424	-
Sales volume:		
- Apple juice (MT)	7,437	10,453
- Pear juice (MT)	317	-
Average selling price (RMB per MT)	8,296	7,891

The Group remained cautious with the global demand of the concentrated fruit juice and planned the production on a prudent basis in order to prevent accumulation of excess inventories, resulted in the lower level of production in HY2015.

Although the average selling price of the concentrated fruit juice increased slightly from an average of RMB7,891 per MT in HY2014 to RMB8,296 per MT in HY2015, the Group recorded 21% or RMB17.4 million lower revenue amounting to RMB66.4 million in HY2015 as compared to RMB83.8 million in HY2014. The lower revenue was mainly attributed to the decreased sales volume of the concentrated fruit juice sold by the Group from 10,453 MT in HY2014 to 7,754 MT in HY2015 (including sales of the concentrated pear juice in HY2015 of 317 MT).

Gross profit increased from RMB16.0 million in HY2014 to RMB18.8 million in HY2015 as a result of higher gross profit margin. Gross profit margin improved from 19% in HY2014 to 28% in HY2015 due to the decrease in the average procurement costs of raw material and the slight increase in the average selling price of the concentrated fruit juice.

Other income decreased from RMB163,000 in HY2014 to RMB17,000 in HY2015. The other income in HY2014 was mainly contributed by a gain arising from debt restructuring. There was no such gain in HY2015.

Distribution expenses increased from RMB4.2 million in HY2014 to RMB8.6 million in HY2015 mainly due to higher expenses incurred for freight & transportation charges and warehousing storage fee, following the carrying of significantly higher level of inventories in HY2015. The Group incurred approximately RMB3.5 million of freight & transportation charges in HY2015 as compared to RMB1.9 million in HY2014, and approximately RMB4.1 million of warehousing costs in HY2015 as compared to RMB1.4 million in HY2014.

Administrative expenses in HY2015 remained relatively unchanged as compared to HY2014 at approximately RMB3.6 million.

Other expenses of approximately RMB262,000 in HY2015 were related to impairment of property, plant and equipment of RMB227,000 and inventories written down of RMB35,000.

Finance costs decreased from RMB4.6 million in HY2014 to RMB3.9 million in HY2015 mainly due to lesser interest paid to SDIC Zhonglu in HY2015 as compared to HY2014 for loans and advances received from SDIC Zhonglu. Such interest was lower in HY2015 as the additional loans and advances were mostly provided towards the end of the HY2015 resulted in lower interest incurred in HY2015.

The Group shared the loss from associate, Linyi SDIC Zhonglu Fruit Juice Co., Ltd ("Linyi"), of approximately RMB1.1 million in HY2015 as compared to RMB2.2 million in HY2014. The loss from Linyi was lower in the HY2015 mainly due to lower finance costs incurred by Linyi.

As a results, the Group recorded a profit before taxation of RMB1.4 million in HY2015 as compared to RMB1.6 million in HY2014.

Statement of Financial Position

Non-current assets decreased by approximately RMB4.3 million from RMB84.2 million as at 30 June 2014 to RMB79.9 million as at 31 December 2014 mainly due to lower property, plant and equipment of RMB3.1 million and lower carrying amount of approximately RMB1.1 million in investment in its associate, Linyi.

Despite the additions of property, plant and equipment amounted to approximately RMB2.8 million in HY2015, the lower amount of property, plant and equipment was a result of depreciation charges of approximately RMB5.6 million and impairment charges of approximately RMB227,000. Included in the depreciation charges in HY2015 was an amount of RMB5.3 million which were absorbed into inventories' costing whilst the remaining amount of RMB336,000 was charged to distribution and administrative expenses in profit or loss of HY2015.

The lower carrying amount of the investment in its associate was due to the share of loss from Linyi of approximately RMB1.1 million.

Current assets increased by approximately RMB40.6 million, from RMB77.1 million as at 30 June 2014 to RMB117.7 million as at 31 December 2014 mainly due to the following:

- increase in other receivables of RMB2.0 mainly due to the increase in value-added-tax ("VAT") receivable from RMB2.4 million as at 30 June 2014 (belonging to Xuzhou Zhongxin) to RMB4.4 million as at 31 December 2014 (belonging to Xuzhou Zhongxin and another subsidiary of the Company, Yuncheng Zhongxin Fruit & Juice Company Limited, "Yuncheng");
- increase in the inventories of RMB42.2 million. The fruit juice industry is cyclical in nature as raw materials such as apples and pears are in season during the first half of the Group's financial year. To ensure the freshness of the ingredients, the Group generally procures and produces the fruit juice during the first half of the financial year for its full year's supply. Therefore, the Group carried higher level of inventories as at 31 December 2014 which were mainly represented by finished goods;
- increase in cash and bank balances of approximately RMB0.3 million;
- offset by the decrease in amount owing by related parties of approximately RMB3.7 million pursuant to amount outstanding as at 30 June 2014 being collected in HY2015; and
- offset by the decrease in prepayments of approximately RMB0.2 million due to lesser prepaid expenses required as at 31 December 2014.

Current liabilities increased by approximately RMB34.9 million from RMB95.9 million as at 30 June 2014 to RMB130.8 million as at 31 December 2014 due to:

- increase in the amount owing to SDIC Zhonglu of RMB71.4 million relating to advances received for the funding of the Group's working capital; and

- offset by:
  a) decrease in trade and other payables of RMB5.6 million mainly due to:
     i. decrease in trade payables of RMB0.6 million due to lesser purchases in HY2015;
     ii. repayment of RMB1.2 million to Xi'an Jingfa Economics & Trade Industrial Co., Ltd ("Xi'an Jingfa") in HY2015 pursuant to a settlement agreement entered between a subsidiary of the Group with Xi'an Jingfa following a dispute with respect to a juice processing/manufacturing agreement in prior years;
     iii. decrease in other payables of approximately RMB0.3 million mainly due to the settlement of amount payable to other creditors outstanding as at 30 June 2014, in HY2015;
     iv. reduction in accruals and provisions of RMB1.4 million and decrease in accrued salaries and payroll related expenses of RMB0.6 million due to reduction in past years' accrued liabilities; and
     v. VAT payable of RMB1.5 million as at 30 June 2014 (belonging to Yuncheng) was settled and the Group has recorded a VAT receivable of RMB4.4 million as at 31 December 2014 as disclosed above;
  b) decrease in amount owing to related parties of RMB0.9 million pursuant to amount outstanding as at 30 June 2014 being settled in HY2015; and
  c) decrease in borrowings of RMB30.0 million following the settlement of the entrusted loan in the HY2015.

As at 31 December 2014, the Group's current liabilities exceeded its current assets by RMB13.1 million, an improvement of RMB5.7 million as compared to the shortfall of RMB18.8 million as at 30 June 2014. Following the resumption of productions and sales in 2012 and due to the cyclical nature of raw materials availability, the working capital needs of the Group has increased significantly. The immediate holding company of the Group has continued to finance the Group's increased working capital requirements by making available working capital. The Group will continue to be dependent on its immediate holding company in terms of financial support and connection for entry into new market. The Group is consistently looking into the various possibilities to expand and diversify its business with the view of improving profitability and the financial position of the Group, hence reducing the dependence on its immediate holding company eventually.

Statement of Cash Flows

In HY2015, the Group generated operating cash flows before working capital changes of approximately RMB7.1 million and net cash flow used in working capital of approximately RMB40.6 million resulted in the net cash used in operating activities amounted to approximately RMB33.5 million. The net cash flow used in working capital of RMB40.6 million in HY2015 were attributed to the increase in inventories of RMB36.9 million, increased in other receivables of RMB1.9 million and decrease in trade and other payables of RMB5.6 million, partially offset by decrease in amount receivable from related parties of RMB3.7 million and decrease in prepayments of RMB0.1 million.

Net cash used in investing activities amounted to approximately RMB2.8 million in HY2015 was mainly for the purchase of property, plant and equipment.

Net cash generated from financing activities amounted to approximately RMB36.6 million in HY2015 were mainly due to the advances received from the immediate holding company of RMB71.4 million; offset by the net repayment to related parties of RMB0.9 million, repayment of borrowings of RMB30.0 million and interest payment of RMB3.9 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

China is the world's largest supplier of concentrated apple juice and plays a crucial role in the global supply chain of apple juice concentrate especially to the United States, European Union and Japan. The Group currently produces concentrated apple and pear juice mainly for export to countries such as the United States, European Union, South Africa, Canada and Japan, through its immediate holding company. The Group is also currently actively pursuing market development in other countries such as Singapore and its local China market.

The global economy continues to face challenges with a weak recovery. Although this is expected to pose a short-term challenge to the Group, the Group remains bullish on the longer term. This is expected to be supported by China's continuing policies of favouring agricultural activities. This will allow agriculture-related enterprises to capitalise the growth opportunities to expand its reach via developing or acquiring new plants in quality apple/pear-producing regions and providing more value-added products to cater to higher demand and consumption of concentrated apple and pear juice worldwide.

Along with the increased affluence and higher awareness of the benefits of apple and pear juice globally, the Group is optimistic on the demand for the concentrated apple and pear juice market. China's fruit juice processing companies' continuous effort to provide safe, reliable and high quality fruit juice for the international market has positioned the Chinese fruit juice concentrate suppliers to be more competitive in the global market, as well as domestically. These trends augur well for the Group and is optimistic on the prospects of strengthening the Group's foothold in the export market of China produced concentrated fruit juice, and the potential of increasing its local market share in its effort in developing China domestic concentrated fruit juice market.

Thus, the Group will continue to focus on the core business of producing concentrated fruit juice in China. It will tap on it's available resources, equipment and industry knowledge, as well as the support of its immediate holding company to improve productivity and product quality in order to enhance its competitiveness in increasing its market share geographically with the view to achieve sustainable growth for the Group's business and to enhance shareholders value in the long run.

Since the Group's successful restructuring in year 2012, the Group has been working towards increasing its revenue and strengthening its position in the industry. A subsidiary of the Group, Xuzhou Zhongxin had in year 2013 entered into separate and independent contract manufacturing arrangement with three production plants in Shaanxi province (collectively "Contract Manufacturers") where the Contract Manufacturers will manufacture concentrated apple juice for Xuzhou Zhongxin. This allowed the Group to gain access to apple producing areas in Shaanxi province where its current facilities are not able to support. This had allowed the Group to increase its competitiveness and scalability. Following this successful collaboration, the Group had continued its contract manufacturing arrangement with two of the three Contract Manufacturers in September 2014. In HY2015, a total of 4,629 MT of concentrated apple juice had been produced pursuant to these contract manufacturing arrangements.

The Group's longer term plan will include exploring broadening of the product offerings to include vegetable juice and its related products in order to enhance its growth prospects. These efforts aim to drive the Group towards the objectives of increasing profitability and competitiveness hence strengthening the Group's financial position and industry reach.

As per the Company's announcements on 19 September 2014 and 27 November 2014, SDIC Zhonglu had resumed trading on the Shanghai Stock Exchange and the Company understands that the proposed asset restructuring in SDIC Zhonglu will involve the injection of new integrated healthcare related services assets and businesses into SDIC Zhonglu and the transfer of all existing assets, liabilities, businesses and operations of SDIC Zhonglu to Shanghai SDIC Xieli Development LP, a limited partnership controlled by the Group's ultimate holding company, State Development and Investment Corporation, via a nominee vehicle ("Proposed Zhonglu Restructuring").

The Board is of the opinion that the Proposed Zhonglu Restructuring is not expected to have any operational or financial impact on the Company and its subsidiaries.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend was declared for the financial period ended 31 December 2014.

(b) (i) Amount per share (cents)

Not applicable.

(b) (ii) Previous corresponding period (cents)

Not applicable. No dividend was declared for the financial period ended 31 December 2014.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared for the financial period ended 31 December 2014.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.,

Name of Interested Person	Aggregate Value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RMB'000)	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) (RMB'000)
SDIC Zhonglu	-	(a) Sales by the Group to SDIC Zhonglu and its group of companies. 64,173
		(b) Purchases by a subsidiary of the Group from the related companies of SDIC Zhonglu. 410
		(c) Interest paid by subsidiaries of the Company with respect to the entrusted loan and working capital provided by SDIC Zhonglu. 3,551
		(d) Sales by Linyi to SDIC Zhonglu and its group of companies. 13,301*
		(e) Purchases by Linyi from SDIC Zhonglu and its group of companies. 123*
		(f) Interest paid by Linyi to SDIC Zhonglu with respect to the working capital provided by SDIC Zhonglu. 1,177*

** - Based on the effective equity interest of the Group in Linyi of 50%.*

The above IPTs were conducted pursuant to the shareholders' mandate for IPTs approved on 29 October 2014.

14. Negative confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

On behalf of the Board of Directors, we hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the six-months financial period ended 31 December 2014 to be false or misleading in any material aspect.

Zhang Jian	Quan Yuhong
Director	**Director**

BY ORDER OF THE BOARD

Zhang Jian
Chairman

13 February 2015